

# West Virginia: Lost Jobs, Lagging Exports, Rising Inequality under “Free Trade” Deals

The **Trans-Pacific Partnership (TPP)**, just negotiated behind closed doors with 11 Pacific Rim nations, would expand the North American Free Trade Agreement (NAFTA) “trade” pact model that has spurred massive U.S. trade deficits and job loss, downward pressure on wages, unprecedented levels of inequality and new floods of agricultural imports. The TPP expands NAFTA’s special protections for firms that offshore U.S. jobs. And U.S. negotiators literally used the 2011 Korea Free Trade Agreement (FTA) – under which exports have fallen and trade deficits have surged – as the template for the TPP.

## Trade-Related Job Losses for West Virginia

**West Virginia has lost more than 30,000 manufacturing jobs – more than one out of three – since the 1994 NAFTA and the World Trade Organization agreements took effect.** Nearly five million manufacturing jobs have been lost nationwide.

U.S. manufacturing workers that lose jobs to trade and find reemployment are typically forced to take pay cuts. Three of every five who were rehired in 2014 took home smaller paychecks, and one in three lost greater than 20 percent, according to Department of Labor data.

More than 16,000 specific West Virginia jobs have been certified under the Trade Adjustment Assistance (TAA) program as lost to offshoring or imports since NAFTA. These numbers significantly undercount trade-related job loss as TAA only covers a subset of jobs lost to trade.

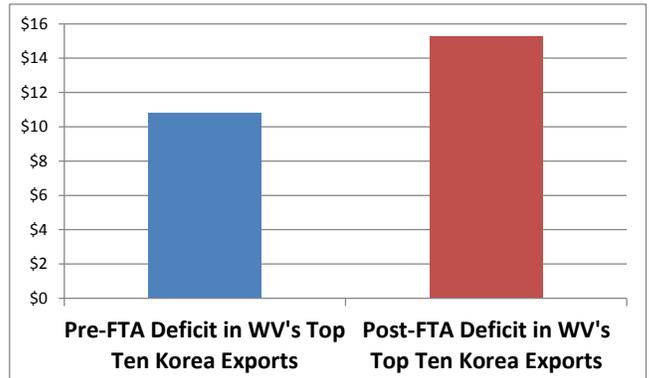
## **16,462 Trade-Related WV Job Losses Certified Under Just One Dept. of Labor Program since NAFTA**



West Virginia workplaces with trade-related job losses –  
For a full list see [www.citizen.org/taadatabase](http://www.citizen.org/taadatabase)

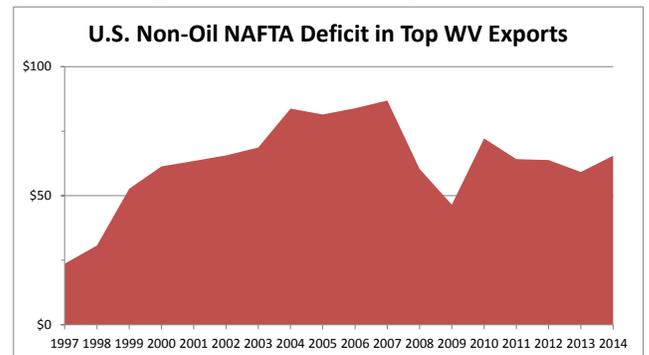
## U.S. Trade Deficit with Korea in WV’s Top 10 Korea Exports Grows 41% under Korea FTA

The U.S. trade deficit with Korea in the top 10 products that West Virginia exports to Korea – including everything from metal manufacturing to minerals/ores – ballooned 41 percent in the FTA’s first three years.



## NAFTA Deficit in Top WV Products Surges

Even after excluding oil and gas, the U.S. trade deficit with NAFTA partners Mexico and Canada in the top 10 products that West Virginia exports to those countries has risen 177 percent in the last 17 years.



## West Virginia Income Inequality Soars during Era of NAFTA-Style Deals

Study after study shows an academic consensus that the status quo trade model has contributed significantly to the historic rise in income inequality. West Virginia’s richest 10 percent now capture nearly 40 percent of the state’s income.



# West Virginia Cannot Afford the TPP's Expansion of the NAFTA "Trade" Pact Model

## Exports of WV Agri. Products Fall under FTAs

U.S. exports to Canada and Mexico of cattle – one of West Virginia's top agricultural products – fell 46 percent in the first 21 years of NAFTA. And in the first three years of the Korea FTA, U.S. exports to Korea of chicken – another top West Virginia agricultural product – plummeted 34 percent.

## NAFTA Deficit in Top WV Products Surges

Time and again, defenders of the trade status quo have tried to sell NAFTA-style deals to Congress with the promise that they would reduce U.S. trade deficits. Time and again, they have been wrong. Even after excluding oil and gas, the U.S. NAFTA deficit in the 10 sectors that constitute West Virginia's top exports to Canada and Mexico has risen 177 percent, or \$42 billion, in the last 17 years. That includes large NAFTA deficit increases in computer and electronic products and transportation equipment. **Nationwide, the U.S. trade deficit with all FTA partners has increased 427 percent since the deals took effect, while declining 11 percent with all non-FTA nations during the relevant period.** The current attempt to use the tired promises of trade deficit reduction to sell the TPP defies the evidence.

## Exports of WV Goods Fall under Korea FTA

West Virginia's exports have fared poorly under the most recent Fast-Track expansion of the NAFTA trade model – a 2011 FTA with Korea that literally has served as the U.S. template for the TPP. In the first three years of the Korea FTA, the U.S. trade deficit with Korea in the top 10 products that West Virginia exports to Korea – including everything from metal manufacturing to minerals and ores – ballooned 41 percent as exports actually fell and imports rose. **The overall U.S. goods trade deficit with Korea surged \$13.6 billion (90 percent). According to the administration's trade-jobs ratio, that equates to the loss of over 90,000 U.S. jobs in three years of the FTA.**

## West Virginia Inequality Soars during FTA Era

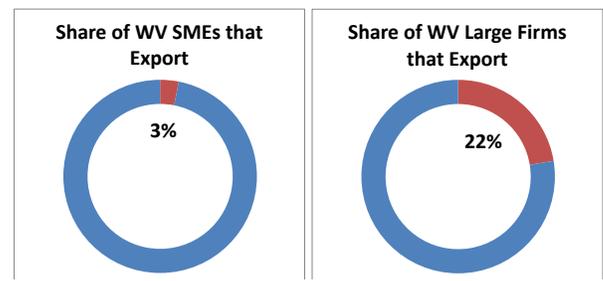
The richest 10 percent of West Virginians are now capturing almost 40 percent of all income in the state – a degree of inequality not seen in the 100 years for which records exist. Study after study has produced an academic consensus that status quo trade has contributed to today's unprecedented rise in income inequality. NAFTA-style pacts have promoted the offshoring of well-paying U.S. manufacturing jobs, spurring broad middle-class wage stagnation as trade-displaced workers compete for lower-paying, non-offshoreable service sector jobs. A Center for Economic and Policy Research study finds that under the TPP, 90 percent of U.S. workers would lose more to inequality increases than gained in cheaper goods.

## Small Businesses Are Not Helped by FTAs

NAFTA-style pacts are often sold to Congress as promoting the interests of small and medium enterprises (SMEs) on the basis that they comprise most exporters. Even if setting aside the government data showing that FTAs have not actually increased export growth, SMEs comprise most exporters simply because they constitute 99.7 percent of U.S. firms. The more relevant question is what share of SMEs actually depend on exports for their success. In West Virginia, only 3 percent of SMEs export any good to any country. In contrast, 22 percent of large firms in West Virginia are exporters. Exporting is primarily the domain of large corporations, not small businesses.

### 97% of West Virginia Small and Medium Businesses Do Not Rely on Exports

Exporting is primarily the domain of large corporations – only 3 percent of West Virginia's small and medium enterprises export any products, compared with 22 percent of the state's large firms.



## TPP and TTIP Would Empower Foreign Firms to Attack West Virginia Policies

The TPP and the Transatlantic Trade and Investment Partnership (TTIP) would empower foreign corporations to bypass domestic courts and challenge U.S. and West Virginia health, environmental and other public interest policies that they claim undermine new foreign investor rights not available to domestic firms under U.S. law. This controversial "investor-state dispute settlement" (ISDS) system would authorize foreign tribunals of three private attorneys unaccountable to any electorate to rule against policies and order unlimited taxpayer compensation for foreign firms' "expected future profits." Tribunals have ordered governments to pay foreign investors \$3.6 billion under existing U.S. pacts in ISDS attacks on environmental protections, health and safety measures and more, while more than \$34 billion is pending. The TPP and TTIP would expose West Virginia and U.S. policies to a significant increase in ISDS liability, given the many firms in West Virginia owned by corporations in EU or TPP countries, any one of which could launch an ISDS claim.